

Center on Race, Poverty and the Environment • Communities for a Better Environment •
Environmental Health Coalition • Latino Issues Forum

February 8, 2002

Laura Doll
Chief Executive Officer
California Power Authority
901 "P" Street, Suite 142 A
Sacramento, CA 95814

**Re: Comments by the Latino Community Energy Partnership on the Draft
Energy Resource Investment Plan of the California Power Authority**

Dear Ms. Doll:

We write on behalf of the Latino Community Energy Partnership to comment on the Draft Energy Resource Investment Plan (ERIP) of the California Consumer Power and Conservation Financing Authority (CPA). The Latino Community Energy Project (LCEP) is a statewide partnership between the Center on Race, Poverty and the Environment, Communities for a Better Environment, the Environmental Health Coalition, and Latino Issues Forum. We would like to applaud the general focus of the ERIP to aggressively invest in energy efficiency, conservation and renewables to meet all of California's additional electrical capacity needs by 2006. We hope that the "clean-growth" strategy outlined in the draft ERIP, a strategy that will guide California toward a more economically secure and environmentally responsible energy future, receives the support from the Legislature that it deserves.

As detailed in the ERIP, a clean-growth strategy provides many benefits, including long-term economic benefits and a more diversified and stable portfolio of energy. We emphasize the important public health benefits that will occur in all of California, and that may have especially beneficial effects in those low-income and people of color communities that LCEP seeks to involve and advocate for in the ongoing energy debate. However, we must stress that in order for these public health benefits to be realized, the decommissioning of outdated, polluting power plants must occur. We cannot rely on market forces to push these power plants out of business. The CPA and other government agencies must actively work to shut down these public health hazards.

Throughout these comments, the LCEP makes a number of recommendations, the most important of which are summarized here, for increasing the public health benefits of the clean growth strategy, and for more directly addressing environmental justice issues prevalent in

Latino and low-income communities in California.

Working actively to decommission outdated, polluting power plants is one recommendation. We also urge that communities that are overburdened with public health hazards receive priority in the decommissioning of dirty power plants. Similarly, we recommend that the CPA direct resources that will result in public health benefits, as well as environmentally desirable economic development, for those communities that have disproportionately suffered in these areas due to the siting of energy production. We urge the CPA to develop, institute, and support an environmental justice policy, and offer our assistance in developing this policy. We recommend that the CPA provide increased financial support to its stated goal of supporting solar energy. Finally, in order for the clean-growth strategy to succeed, we recommend that the CPA play an active role in ensuring that the State renegotiates the Department of Water Resources' long-term energy contracts that create an uneven market for clean energy.

Support for the Clean-Growth Strategy of the ERIP

The CPA details a number of important benefits to public health, ratepayers, and the California economy that would result from utilizing energy efficiency, conservation, and renewables to create approximately 8000 MW of additional energy capacity in California by 2006. LCEP concurs that these important benefits provide strong argument for support of this strategy.

Public Health and Environmental Justice Benefits

Paramount among the benefits of the clean-growth strategy is the reduction of pollution. However, we must emphasize that in order for these public health benefits to be realized, the CPA must actively work to decommission outdated, dirty power plants, so that cleaner energy actually replaces dirtier technologies. In an unregulated energy market, we cannot rely on market forces to push these outdated power plants out of business. The overall reductions in criteria pollutants, toxic air contaminants and greenhouse gases that would result from a clean-growth and replacement strategy would improve the health of all Californians. These public health benefits are especially needed in low-income and people of color of communities that are currently overburdened by pollution resulting from fossil fuel based energy production.

The overwhelming support (91%) for renewable energy expressed by Californians, cited on p. 11 of the ERIP undoubtedly owes a great deal to these environmental and public health benefits.¹ While another poll cited showed that 81% of the polled public supported new power plants to deal with projected energy shortages, this percentage would likely change if the question was

placed to respondents that the power plant was to be located in their own community or could adversely impact their health.

¹ As noted on p. 27 of the ERIP, this support for renewables also appears in real-world voter initiatives. Voters in the City of San Francisco overwhelmingly approved (76%) provision of investments to support solar photovoltaics.

Throughout the ERIP, the CPA demonstrates that the plan's goal of diversifying the portfolio of energy resources in California will reduce our State's dependence on a single fuel source, diversify the ownership of energy sources for California, and create an adequate energy reserve, thereby increasing the reliability of the grid and the stability of energy prices. A reliable grid and stable prices can provide public health and environmental justice benefits. The "energy crisis" of last summer resulted in major exceedances of pollution limits at many California power plants, the suspension of environmental regulations and review in the siting of power plants, and the use of highly polluting energy sources such as peakers and diesel back-up generators.

Air Pollution

Air pollution is a grave problem throughout California, but especially in the regions where the LCEP works. The San Joaquin Valley has a growing problem with air pollution, such that this region now rivals Los Angeles as having the most unhealthy air in the country. In terms of particulate matter air pollution, the San Joaquin Valley Unified Air Pollution Control District has joined the South Coast Air Quality Management District (which includes Los Angeles) in having "serious" nonattainment of federal Clean Air Act standards, the worst designation possible. The San Diego County Air Pollution Control District is unclassified in regards to particulate matter pollution. The Clean Air Act standards are designed to protect public health, so any nonattainment is a cause for concern, but the grievous nonattainment of the regions illustrated here demonstrates a deadly problem that requires serious action.

In terms of ozone pollution, also known as smog, the San Joaquin Valley Air District is in danger of redesignating from "severe" nonattainment to "extreme" nonattainment, joining the South Coast Air District in the worst possible designation for smog. The San Diego Air District is in "serious" non-attainment for ozone pollution. Outdated energy technologies add to the unhealthy air pollution in these regions, and must be replaced with cleaner technologies.

The region-wide nonattainment designations demonstrate grave and unhealthy air pollution problems, but do not even reflect the extent of the public health problem at a more local level, in low-income and people of color communities. Emissions of criteria pollutants and toxic air contaminants are concentrated in low-income and people of color communities, due to an unjust and unhealthy concentration of polluting sources, including fossil fuel-burning power plants in these communities.

A recent study in Southern California showed that there are persistent racial differences in estimated cancer risks associated with ambient hazardous air pollutant exposures, even after controlling for population density, income, land use, and a proxy for political power and assets (home ownership).² Other studies indicate that 89% of all toxic air releases are located within

² Morello-Frosch, Rachel, *et. al.* "Environmental Justice and Southern California's 'Riskscape': The Distribution of Air Toxics Exposures and Health Risks among Diverse Communities," in *Urban Affairs Review*, Vol. 36, No. 4, March 2001, pps.551-578.

one mile of disproportionately minority census tracts in metropolitan Los Angeles³ and that being a person of color in Los Angeles is the best predictor of living next to a hazardous waste treatment, storage and disposal facility.⁴ While most of these studies focused on Los Angeles, an area that historically has had serious air pollution and environmental justice problems, similar results are likely to be found in other areas of the State.

The inequitable distribution of environmental hazards from energy production are part of this environmental injustice. In the past, highly polluting power plants have often been sited in low-income, people of color communities. Unfortunately, this pattern continued in the rush to build power plants, especially peaker plants, in response to the crisis. During the summer of 2001, Latino Issues Forum conducted a study, *Power Against the People: Moving Beyond Crisis Planning in California Energy Policy*, (available at the Latino Issues Forum website at www.lif.org) of 18 power plants that were under review or had been recently approved by the California Energy Commission. The study found that the majority of power plants were planned for or being built in neighborhoods populated by people of color – especially Latinos & African-Americans and low-income communities. For 16 out of 18 (89%) of the plants in the study, within six miles of the facilities more than 50% of the population was people of color, much higher than the state average; For 15 of the 18 facilities (83%), the average household income within six miles of the plant was less than \$25,000 per annum, much lower than the California state average of \$69,979 per annum. Fortunately many of the plants were not built, but the findings still demonstrate that environmental justice problems are prevalent in the siting of energy production.

We applaud the CPA for recognizing the health burden low-income communities and people of color communities suffer due to the disproportionate siting of energy production. The siting of power plants only adds to an unequal distribution of environmental hazards related to many pollution sources. Recognition that region-wide air quality designations do not capture the extent of concentrated pollution was an important part of the California Air Resources Board's plan to develop an environmental justice policy. Similarly, the CPA should develop an effective environmental justice policy, as is discussed below in "Recommendations."

LCEP also commends and supports the CPA for urging the development of policies to decommission outdated, dirty power plants as expeditiously as possible. Further, we agree with the CPA that in order to see the best results, the capacity of these old, dirty power plants should be replaced with renewable sources of energy (see p. 11 of the ERIP). We also support the CPA in its recommendation that reliance on diesel powered distributed generation should be eliminated as quickly as possible (see p. 14 of the ERIP). The CPA cites the severe public health impacts of diesel and correctly states that there is no such thing as "clean diesel."

³ Sadd, James L., *et. al.* "Every Breath You Take... : The Demographics of Toxic Air Releases in Southern California," in *Economic Development Quarterly*, May 1999, pps. 107-123.

⁴ Boer, J. T., *et. al.* "Is there Environmental Racism? The Demographics of Hazardous Waste in Los Angeles County," in *Social Science Quarterly*, Volume 78, Number 4, 1997, pps. 793-810.

Ratepayer Benefits

Prevention of market vagaries in electricity would benefit the communities we represent in another way, namely by reducing the burden of energy costs on them as consumers. As was officially noticed by the California Public Utility Commission in their decision in a rate stabilization case⁵, low-income households must devote a much greater proportion of their household income to energy needs. The clean-growth strategy's emphasis on investment in conservation efforts will especially benefit low-income communities, as resources and education will be devoted to assist these households in reducing their "energy burden."

A Healthy California Economy

In Section 5: "Benefits and Costs of the CPA Portfolio," the CPA details and explains the long-term economic benefits that a clean-growth strategy would have for the state as a whole. Although the clean-growth strategy requires a greater initial investment, the ERIP demonstrates that in the long-term the economic benefits to California greatly outweigh the initial investment. *It would be prudent for California to undertake these initial investments.*

One of the greatest benefits of a reliance on more labor intensive conservation, energy efficiency, and renewables is the creation of 8,000 additional jobs. Another benefit of a clean-growth strategy is that it would ensure that more economic activity related to energy production remains in California. Economic benefits such as jobs and an environmentally cleaner tax base could be directed to those communities that have suffered disproportionately from the public health burdens of energy production and have borne the brunt of disinvestments for decades. We would urge the CPA to prioritize public financing and programs that directly serve low-income communities of color; this includes programs that are managed, administered, and implemented by community-based organizations and small businesses in these communities.

Recommendations for Improvements to the ERIP.

Although LCEP commends the general clean-growth strategy of the ERIP and gives this overall strategy its utmost support, there are a number of enhancements and improvements we would suggest to strengthen the ERIP.

Implementation of the Clean-Growth Strategy

The CPA outlines a laudable strategy for creating a healthier, more stable, and economically secure energy system for California. However, this strategy will be wasted if it is not actively

⁵ In Decision 01-03-082, which set rules regarding the consumer energy rates of utilities, the California Public Utilities Commission, in Finding of Fact #71 that: "[It has been] demonstrated that the poor (as defined by Federal Poverty Guidelines) bear a disproportionate energy burden; i.e. the percentage of household income devoted to energy services is far greater for low-income households."

and properly implemented. It would be a mistake to rely on market forces to bring about the recommendations of the clean-growth strategy. The CPA must create public policy that affirmatively executes its clean-growth strategy, for example, in the decommissioning of dirty power plants. The CPA must also aggressively seek and provide the funds necessary to support the clean-growth strategy. Other governmental agencies involved in energy production and energy regulation must join the CPA in effecting the clean-growth policy in order for this strategy to succeed. The CPA should take an active role in ensuring that these agencies create policies that affirmatively implement the clean-growth strategy.

A central recommendation concerning the potential success and effectiveness of the clean-growth strategy concern a California energy market constrained by the long-term contracts between the Department of Water Resources and many power providers. The contracts provide undue benefits to environmentally unhealthy energy production and create an environment in which renewable energy and efficiency approaches will be at a disadvantage. The CPA should play an active role in ensuring that the State renegotiates these contracts.

Environmental Justice

We applaud the CPA for recognizing the disproportionate health burden low-income communities and people of color communities suffer due to the disproportionate siting of energy production and related processes in these communities. However, as the report on power plant siting (discussed above) demonstrated, the inequitable siting of energy production continues to this day. Such a persistent situation requires specific and vigorous environmental justice policies to address the unjust and unhealthy concentration of public health hazards from energy production. The LCEP is very interested in working integrally in developing these environmental justice policies.

Low-income and people of color communities have for too long disproportionately suffered adverse public health and economic repercussions from the siting of energy production. The CPA should now specifically designate resources that target low-income, overburdened communities for energy efficiency improvements, conservation and renewables. These resources can be used by the CPA and other agencies to ensure that the communities that disproportionately suffered due to energy production now benefit from the cleaner economic development of efficiency improvements and renewable energy production, as well as the beneficial resources devoted to conservation. As discussed above, these communities should also be prioritized for the elimination of unhealthy energy technologies. The CPA must also support these initiatives and policies with funds and resources. In order to be successful, environmental justice policies and initiatives must also receive support from other government entities.

Other Recommendations

The ERIP should also devote resources to provide a jump start for the solar industry in California

(both for solar thermal and solar photovoltaic (PV)). Solar thermal and photovoltaics are one of the most environmentally benign ways of producing energy. Other benefits include the fact solar can be readily installed at the site of use, thereby eliminating transmission losses, and that solar technologies run on a free fuel source that is most plentiful at “peak periods” when California needs electricity most. For too long, the solar industry has been stuck in a Catch-22 dilemma. Solar panel production has been small-scale and relatively expensive. The higher price of solar compared to conventional energy sources has limited demand for solar power. However, until there is adequate demand, solar panel production will not enjoy the economies of scale needed to bring down the price of production, as the ERIP states on p. 14.⁶ The CPA can play a critical role in creating an assured market for solar PV. The ERIP states that 200 MW could be economically installed on municipal buildings and 2000 MW on schools via aggregated purchase system, yet it only sets a target of 160 MW for PVs over the next five years (see p. 14), and it is unclear if any goals are set for solar thermal energy. Greater investment in solar energy must be included in the ERIP if it is truly to become a viable part of California’s energy portfolio.

Finally, the ERIP’s clean-growth strategy should not be scaled back even if California’s energy requirements are reduced; rather, this should be seen as an opportunity to effect needed change and guide California to a more secure and environmentally responsible energy future. The ERIP states on p. 21 that the CPA will “monitor the supply and demand conditions in both California and the rest of the western US and adjust our strategy and targets to reflect changes in supply, demand, and market design.” While we understand that changes in energy supply, demand and market conditions may alter the strategies required to achieve those clean-growth goals, the imperatives for building energy capacity through efficiency improvements and renewables, diversifying California’s sources of energy production, and closing older dirtier plants are certain, and these absolute goals should not be reduced.

The Latino Community Energy Partnership

Low-income, people of color, and other marginalized communities have borne the brunt of the public health burden of an energy production process in California that relies heavily on fossil fuels and disproportionately sites polluting sources in these communities. Despite the serious economic and health impacts of energy production on these communities, they have had little opportunity to participate in the important decisions concerning energy production in the past. The primary goal of LCEP is to ensure that these communities have a voice in the energy dialogue and decision making that has direct and disproportionate impacts on their health and quality of life. Central in LCEP’s vision is to advocate for cleaner energy production in California through a greater emphasis on renewable energy, efficiency improvements, and conservation, and for environmental justice and health disparities to become a prime policy consideration in the decision making process concerning energy production.

⁶ A report prepared by the business analysis firm KPMG and commissioned by Greenpeace show the potential for economies of scale to bring down costs of solar. The report is available at <http://www.greenpeace.org/~climate/renewables/index.html#sun>

LCEP consists of three regional partners who will facilitate community leadership on energy issues: the Center on Race, Poverty and the Environment in the Central Valley, Communities for a Better Environment in Los Angeles, and the Environmental Health Coalition in San Diego. Latino Issues Forum, located in San Francisco, will act as a Secretariat in facilitating and organizing the work of LCEP.

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Conclusion

For the reasons detailed above, the LCEP strongly supports the clean-growth strategy outlined in the ERIP. We identified a number of recommendations that would strengthen and support this strategy. The LCEP welcomes the opportunity to work with the staff of the CPA in bringing about all aspects of clean-growth strategy. We can advise and assist the staff in developing policies that implement the clean-growth strategy and in advocating for financing that supports the clean-growth strategy. The LCEP would welcome collaboration on all aspects of the clean-growth strategy. However, we would like to emphasize the integral role the LCEP could play in developing policies relating to environmental justice, decommissioning polluting power plants in overburdened communities, and in directing environmentally desirable economic development to these communities.

We look forward to supporting and collaborating in a strong clean-growth strategy. Thank you.

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